

Doing Business in Tajikistan: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Tajikistan

Market Overview

Tajikistan's growing economy continues to provide opportunities for exporters and investors. This report is prepared as a guide for new-to-market U.S. companies interested in finding partners in Tajikistan; it provides practical information on obtaining preliminary market information, strategizing market entry, approaching potential partners and practical tips on establishing communication. Due diligence is necessary to take advantage of the rewarding, but high risk market of Tajikistan.

U.S. exports to Tajikistan dropped to USD 26.7 million in 2005, compared to USD 55.7 million in 2004. Major U.S. exports in 2004 were construction materials and telecommunications equipment.

Tajikistan's economy continues its rapid growth; U.S. companies can explore opportunities for their goods and services in the following sectors, described in greater detail in Chapter 4 of this year's CCG:

- Hydropower generation, distribution, services;
- Construction equipment, machinery, materials and services;
- Agribusiness machinery, farming equipment and services;
- Telecommunications equipment and services;
- Mining equipment and services; and
- Food processing and packaging equipment and services.

Market Challenges

- Excessive standardization and certification regulations;
- Difficult and corrupt customs clearance process;
- Poor consumer and business purchasing power; and
- Non-competitive banking sector comprises small local commercial banks.

Market Opportunities

In 2005, Tajikistan's economy continued its steady growth

- Average GDP growth is 8-9% per annum.
- Inflation rate has been maintained at 7.1% in 2005; up from 6.8% in 2004. Expected inflation rate for 2006 is estimated at 5%.
- Opportunities exist in the following sectors: Construction and engineering services, equipment and materials; fruit and vegetable processing management, equipment, technology; telecommunications equipment and services.

Market Entry Strategy

- Contact the U.S. Embassy to receive information on market opportunities.
- Visits and establishing contacts with potential buyers and partners are very important.
- Promotion materials should be in Russian or Tajik language.
- Local agents and distributors are commonly used.

The proximity of European and Asian markets enabled their exporters to establish a presence and explore opportunities for expansion in Central Asia. According to some estimates, import of consumer goods, including capital goods, constitute about 50% of all imports to Tajikistan (around \$500 million per annum). Trading in Tajikistan has some disadvantages that U.S. companies should be aware of. Tajikistan has one of the largest economic distances to foreign markets in the world, despite the country's low formal tariff barriers. Importing goods is expensive because of high transportation costs. The cost of doing business domestically is high due to corrupt services in customs.

The majority of local businesses and consumers have limited awareness of U.S. goods. Imports of consumer goods are mainly from neighboring countries such as Russia, Kazakhstan, and Uzbekistan. It is a common understanding among the local business community that U.S. goods are expensive due to the remoteness of the market. The situation is complicated by other important factors such as time difference, language barriers, and lack of common business practices and values.

The decision on market entry strategy should take into account several factors, such as:

- Level of personal and company involvement in product sales/promotion;
- Level of market potential for U.S. companies goods;
- Understanding local business environment; and
- Classification of product line and potential import/transportation channels.

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of Tajikistan, please visit the U.S. Department of State Background Notes website.

<http://www.state.gov/r/pa/ei/bgn/5775.htm>

Chapter 3: Selling U.S. Products and Services

Use of Agents and Distributors; Finding a Partner

Granting official distributor status to one Tajik company responsible for a specific region and/or expansion to other regions may be a good market entry strategy; however, because of the fragmented domestic market this may not work well with all commodities, and a

detailed analysis would be necessary in advance. Very few Tajik companies have official distributor status of U.S. goods and services, partly because they are not aware of U.S. products because of the English language barrier, closer proximity to Asian and European markets, and sales of most of Tajik companies are not structured and systemized. Sales of some U.S. goods originate from neighboring hubs such as Almaty, Bishkek, and Tashkent, or even Moscow.

Some products require finding a distributor as opposed to selling directly including: pharmaceuticals, beauty and hygiene products, auto accessories, household goods, furniture, electric appliances, construction materials and etc.

Advantages:

- Official distributor will report to U.S. company

Disadvantages:

- Local companies need training in Western business practices such as reporting, sales, marketing, customer care;
- Local company may not have the skills and resources required to manage nationwide distribution and sales network

Each situation requires individual attention; however, the following general comments can be made:

- Tajikistan's domestic market is fragmented due to mountainous terrain and poor transportation infrastructure, therefore, U.S. companies may want to have separate agents in each region.
- A local distributor will need start-up support from its U.S. partner to be able to effectively reach out to clients and transfer skills and knowledge.
- The U.S. company must support its Tajik partner in a nationwide campaign to promote its goods.
- Most U.S. companies are not fully aware of the market conditions and market peculiarities.
- Promotion and product materials must be available in Russian or Tajik language.

U.S. companies interested in looking at opportunities in Tajikistan are encouraged to contact the U.S. Commercial Service's Business Information Service for the Newly Independent States (BISNIS). The BISNIS representative based in Embassy Dushanbe maintains a database of Tajikistan investment and trade opportunities and a network of useful contacts.

Establishing an Office

U.S. companies wishing to establish a presence in Tajikistan are encouraged to contact the U.S. Embassy in Dushanbe for consultations and guidance. The U.S. Embassy web site is located at: <http://tajikistan.usembassy.gov>

The first step in setting up an office is to establish a legal presence. Tajikistan law provides three options for establishing a legal presence: (i) a representative office, (ii) branch office, or (iii) a legal entity established under the laws of Tajikistan. A representative office may perform informational and liaison functions of the company. It can open a bank account, rent an office and provide visa support, but can not engage in trade and commercial activities. Branch offices maintain close connection with the parent company. Branch offices may perform any functions and can also perform representational functions. A representative office and a branch are not legal entities, therefore the parent company may be held liable. Businesses must register with the Ministry of Justice..

A basic application package includes, but is not limited to: application for registration, registration of entity and parent company by-laws, and articles of incorporation. Upon registration with the Ministry of Justice the companies should then obtain a taxpayer identification number, register with the social security organization, and obtain an enterprise identification number from the statistical authorities. The U.S. Embassy recommends that businesses solicit experienced and well-established legal counsel be in registering a company.

Detailed information on opening an office is available at the U.S. Department of Commerce's Business Information Service for the Newly Independent States (BISNIS) web-site at <http://www.bisnis.doc.gov/bisnis/country/tajikistan.cfm>

Franchising

Franchising is not known in Tajikistan. The Government has not drafted franchising legislation or regulations. Franchising opportunities should be discussed with the U.S. Embassy.

Direct Marketing

One of the most effective marketing techniques is direct marketing, especially in Dushanbe. Popular forms of direct marketing are through major cultural or sports events and door-to-door marketing. Marketing by mail is not widely used due to Tajikistan's unreliable postal system.

There are several local advertising firms, all based in Dushanbe. Television, radio, outdoor advertising, and weekly newspaper publications are the primary advertising channels. For business services, general image promotion and brand recognition campaigns are usually done using outdoor advertising.

There are several media channels; although there are no private television stations with nationwide coverage, some small private television companies exist in smaller towns. In Dushanbe, there are three leading FM radio stations and one cable television network.

Joint Ventures

Currently there are about 162 joint ventures registered in Tajikistan, according to the 2005 Annual Book of the State Statistics Committee. Joint ventures can be established as a limited liability company (LLC) or a joint stock company (JSC).

Many joint ventures are established in the mining, telecommunications, agrobusiness, and food industries. The largest joint ventures are Obi Zulol JSC, Indigo Somoncom JSC, Indigo Tajikistan JSC, and Sangtudinskaya I, JSC.

Once the local presence is established, the company must obtain applicable licenses or permits for operations. The primary issue for service and engineering companies is licensing requirements. The Law On Licensing Certain Types of Activities (the “Licensing Law”) mandates a license for a variety of activities. A license is needed for:

- Evaluation activities
- Employment services of Tajik citizens outside of Tajikistan and foreign citizens in Tajikistan
- Audit services
- Legal services
- Expert and environmental services
- Patent agent services
- Advertisement services
- Private insurance services
- Professional stock exchange brokers
- Distribution of printed/published products
- Architectural-town planning
- Use of natural resources
- Energy services (installation, commissioning of energy communications, operation of energy facilities)
- Transportation services

In order to obtain any of these licenses the applicant will usually need to file the following documents with the appropriate licensing authority (ies):

- An application indicating the title, corporate form and official address of the applicant, as well as the location of the licensed activity;
- Copies of the foundation and registration documents of the applicant;
- A copy of a certificate from the Tajik tax authorities confirming registration of the applicant as a taxpayer;
- A document confirming payment of the duty for the review of the application (i.e. filing fee);
- Data on the relevant qualifications of the applicant’s employees; and
- Various technical documents according to the type of license requested.

The licensing authorities are generally required to decide whether to issue the license within 60 days of receiving a complete application with all supporting documentation; however delays can result in determining what constitutes “all supporting documentation.” After the decision has been reached, the applicant must be notified immediately.

Selling to the Government

The Government of Tajikistan implements a number of infrastructure projects financed by International Financial Institutions. Business opportunities exist in the following sectors:

- Agriculture machinery and equipment;
- Consulting services;
- Road rehabilitation and maintenance equipment and services;
- Social sector procurement opportunities;
- Procurement opportunities in infrastructure sectors (electricity, water, sewage and etc.)

To obtain more information on procurement opportunities interested U.S. companies are encouraged to contact the U.S. Embassy in Dushanbe.

Distribution and Sales Channels

What has worked in other neighboring countries may not work in Tajikistan because current distribution channels are unstructured, non-transparent and chaotic, as opposed to the consistent approach accepted in Western countries.

Major distribution centers are Dushanbe and Khujand. The majority of goods arrive to these centers via railway and trucks. From these distribution centers goods arrive to their final destinations by trucks.

Selling Factors and Techniques

Although the official language is Tajik, Russian is the language of business. When it comes to promotional and advertisement campaigns, it is necessary to comply with the Law on Advertisement that requires the use of Tajik language in an advertisement's content and wording. .

It is necessary to have all promotional materials translated into Russian before approaching a Tajik company. Depending on the type of product, you may wish to translate it into Tajik as well. Tajik content will give a company an edge over Asian and European competitors.

Electronic Commerce

In general, that local companies have one email address, usually registered on the free .ru email domain, and email is checked by a secretary or designated person on daily basis. Do not use email as an introductory way of communication because your email may not reach the decision maker.

E-commerce is not used in the local market due to low number of Internet users and most Internet users are located in major cities.

Trade Promotion and Advertising

International Trade and Exhibitions company (ITE) plans to stage four exhibits in 2006, for the telecommunications, construction, health, food processing & packaging industries. For details, please contact the ITE office in Dushanbe:

ITE Central Asia – Tajikistan Office
66 Rudaki Avenue, Office 29
Dushanbe, Tajikistan 734025
Tel: +992 (372) 277585/216420
Fax: +992 (372) 233486
Email: r_akmal@inbox.ru
www.caspianworld.com

Web-links:

Asia Plus Media Group (newspaper, radio, news, analysis)
<http://www.asiaplus.tj>

Charhi Gardun (yellow press newspaper)
<http://www.gazeta.tj>

National Television
<http://www.tv.tj>

Chamber of Commerce and Industry
<http://www.tpp.tj>

Pricing

Composition of the price that should be considered by a U.S. company includes transportation costs, associated import duties (customs duties, fee, certification costs), and value added tax (VAT). Tajikistan's overall trade weighted import tariff is around 7-15%, however trading with Tajikistan is challenging, since the country has no direct access to seaports.

Competition from Russian, Asian and European producers is rising. Consumers in Tajikistan are very price sensitive and opt for cheaper products. In general, population is very poor and opts for cheap prices over quality.

Sales Service/Customer Support

In general, the level of customer support and service is very poor. Providing after-sales services will certainly make long lasting, exemplary case to consumers. U.S. companies should be prepared to commit resources to customer service training for local staff. Customer care is vital in the sectors where after-sales are essential to the business, e.g. heavy machinery, automobiles, and etc.

Protecting Your Intellectual Property

The Communist mentality of the Soviet era has been slow to fade. Consequently, individuals may find it challenging to protect their property rights in a manner to which westerners are accustomed. With United States government assistance, the drafting of Part III of the Civil Code that addresses intellectual property rights has been completed. The World Bank has been working for several years to develop a mortgage program in Tajikistan, it is expected that the draft of mortgage law will be completed in 2006. However, people only own or lease the actual buildings on the land and not the land itself, and there are significant restrictions on using property titles as collateral. While an instruction on the order of legal registration of buildings exists to deal with ownership issues, private land ownership is still prohibited. (Note: according to the constitution the land is property of the state)

Even when secured interests in property do exist, enforcement remains an issue. Investors should be aware that establishing title may be a more involved process than in western countries, as it is often unclear who owns title, making it more difficult to effectively transfer or acquire title. A system to record, protect and facilitate acquisition and disposition of property exists but would benefit from improvement. After many banks failed or nearly failed as a result of the high default rate on mortgages, they began a policy of taking upwards of 30% off the top in service fees, with interest rates for repayment ranging from 12-18%. Finally, the legal system is not adept at quickly and efficiently settling disputes.

Tajikistan does not adhere to key international agreements on international property rights and there exists little real protections for patents, copyrights, trademarks and other intellectual property.

Local Professional Services

Legal Services

Lex Law Firm, <http://www.lex.tj>
Legal Consulting Group, <http://www.lcg.tj>
Akhmedov, Azizov & Abdulhamidov. Simple Partnership, <http://www.aaa.tj>

Logistics
Globalink Logistics, LLC <http://www.globalink-logistics.com>

Market Research
Total Advertising Group, www.tag.tj

Chapter 4: Leading Sectors for U.S. Exports

Energy and Mining

Best Prospects and Opportunities

Tajikistan has significant potential to generate hydroelectricity. It is already technically and economically feasible for Tajikistan to increase its output to 260 billion kWh per year in the foreseeable future, half of the current world annual production. Its hydropower potential is equal to the total consumption of all kinds of power resources in the Central Asia region added together, and is four times higher than the region's energy consumption.

Under any scenario in the foreseeable future, the available potential will exceed the country's needs by many times. In this context, Tajikistan's hydropower engineering is definitely acquiring a regional significance. Also important is the low cost of Tajik electric power (0.4 cents per kWh). Export of hydropower energy and the development of Tajikistan's hydropower is top priority for the Tajik government.

Approximately 5% of Tajikistan's hydropower potential is currently used. Three hydropower stations (HPS) are in different stages of development: Rogun HPS (3600 MW), Sangtuda I (670 MW) and Sangtuda II (220 MW). To export the electricity to foreign markets, major investments are needed for installation of high-voltage lines.

Implementation of hydropower projects will result in opportunities in the architectural, construction and engineering services, electrical power systems, mining industry equipment, power transmission equipment, renewable energy equipment.

Mining

Tajikistan has significant reserves of a wide range of economic minerals. Deposits of antimony, mercury, lead, zinc, silver and rock salt are among the leading in the former CIS. In spite of this wealth, the mining sector's contribution to GDP remains low. The sector urgently needs today's technology, exposure to market oriented management,

human capacity building initiatives, as well as systemized information on its potential in a readily available, professionally presented form.

Although the Government recognizes the need to develop the sector, mining operations are limited to a few gold deposits. Most surveys and research were done during the Soviet era; information is outdated and not adequately represented in today's mining journals and markets.

The government fully supports further expansion of the mining sector, diversification of mining practices and development of existing mines. The Tajikistan government is committed to simplifying procedures for obtaining permits for exploration and mining.

Information and Communication

	2003	2004	2005 (est)
Total Market	n/a	\$100	\$150
Total local production			
Total exports	n/a	n/a	n/a
Total imports	\$17	\$32	\$48
Total imports from the U.S.	n/a	\$1.1	n/a

Source: US\$ million, U.S. Department of Commerce/BISNIS

Best Prospects and Opportunities

The telecommunications market is one of the most dynamically developing sectors of Tajikistan's economy. Although still small, its contribution to the country's gross domestic product is fast growing, as new and diverse technologies are quickly becoming the norm. In 2005, Tajikistan leapfrogged and begun trial introductions of advanced wireless networks, such as 3G and Next Generation Networks. Liberal mobile licensing policy and comparatively low market entrance cost are driving the rapid growth of cellular operators and related competition between wireless standards. Other contributing factors include the low penetration rates in both fixed-line and mobile communications, and the increasing pace of economic growth, resulting in growing disposable incomes.

The mobile telecommunications market is expected to continue its rapid growth in 2006 and beyond. This will inevitably generate more demand for communications hardware and software, ranging from base stations and mobile switching equipment to network management tools and voice management systems. Current buyers in the wireless telecommunications market are private companies.

Despite the difficult geographical landscape of Tajikistan, the telephone network was upgraded from obsolete analogue equipment to digital in 2003-2005 (the current digitization level is 90%). The major vendors of digital equipment are ZTE Corporation and Parstel. Replacement of Strowger and partially crossbar switches to digital, and installation of SDH-ring transmission systems in Dushanbe and Khujand sharply

improved quality of existing services and introduced new modern telecommunication services. Tajik Telecom's utilization of advanced traffic measurement and customer service activities resulted in considerably more efficient and reliable network. In general, duty rates for telecommunications equipment do not exceed 15%. U.S. companies can involve and invest in projects building fiber-optic networks, as well as production of fiber optic cable from local raw materials.

The most recent telecom legislation, the Law on Electrical Communication, came into effect May 10, 2002. The law sets the legal basis for regulation and development of electrical communication in the Republic of Tajikistan, defines power state of regulatory authority, and rights and responsibilities of physical and legal entities involved in this area and those who are using services of electrical communication.

The main principles of the law:

- Provide equal access of all physical and legal entities to modern and effective infrastructure and electric communication services;
- Assist in effective and free competition on the market to benefit interests of the consumers;
- Create conditions to access networks for general use and inter-network connections to guarantee objectivity, transparency, lack of discrimination and equal opportunities on the market;
- Create favorable conditions to attract investments

The national policy on electrical communication is the responsibility of the Government, including development and implementation of programs for privatization and abolishment of monopolies. According to the law, the Government handed over its responsibilities to the Ministry of Communications, the national regulatory authority.

According to market players, the current legislation is quite liberal, with clear licensing procedures, and adequate transparency.

There are no known limitations on foreign ownership for operations of the ground fixed lines for long distance and international telephony services. The government plans to privatize the current fixed line operator by 2007.

Services

Best Prospects and Opportunities

The Government of Tajikistan has recognized the development of private sector and enacted a number of legislative documents to further accelerate the growth of private sector and diversification of economy. The number of small and medium-sized businesses in Tajikistan increases yearly. According to State Statistics Committee of the Republic of Tajikistan, the business sector accounts for 74% of total employment and contributes up to 40% to the country's GDP.

About 31% of the businesses are engaged in general business activities, 19% in trade and public catering, 16% in manufacturing, 15% in construction, and 9% in other minor categories. About 65% of sole proprietors are engaged in trade and public catering, 15% in consumer services, 11% in transportation and communication and only 9% in manufacturing.

There are less than 40 consulting companies in Tajikistan. The following types of consulting firms exist: financial consulting, legal consulting, and advertising & marketing sectors. Deloitte and The Louis Berger are the only internationally recognized consulting firms that have established a permanent presence in Tajikistan. Several U.S. consulting firms implementing various U.S. government development projects are also present in the market.

Building on annual average growth of 9.5% since 2000, the economy showed strong performance in 2004. GDP grew by 10.6%, due primarily to gains in light manufacturing and the fast-growing services sector, particularly trade and other market services. This outcome broadly follows the realignment observed in 2003 to broader-based growth beyond the traditional engines of cotton and aluminum. GDP growth is projected at 7.0-8.0% in 2006, with the downstream continuing to about 6% by 2007. Remittances from Tajik migrants abroad is another important source of capital.

With anticipated investments into hydropower, transportation, and infrastructure, prospects for 2006-2007 are bright. In particular, hydropower, construction, and telecommunications sectors will continue to enjoy substantial growth. Anticipated major investments into aluminum production and hydroelectric power generation will substantially contribute to the growth of business services and consulting.

The Concept for Entrepreneurship Development until 2015, developed by the Government of Tajikistan, highlights lack of the following principles:

- Limited understanding of business concepts (management, financial and marketing analysis);
- Poor professional and inexperienced personnel able to operate a business in a modern way;
- Lack of experience and knowledge in finding business partners within Tajikistan as well as from other countries;
- Lack of information on domestics and international financing sources;
- Lack of knowledge and experience in writing a thorough business plan that meets internationally accepted criteria; and
- Lack of due diligence experience and unawareness of due diligence tools.

In 2006 the Government of Tajikistan plans to enact a number of business related laws, including the new law on joint stock companies, the strategy for entrepreneurship development until 2015 and etc. Further enhancement of the securities exchange will catalyze the development of securities market.

According to the survey “Business Environment in Tajikistan As Seen by Small and Medium Businesses,” conducted in 2003 by the International Finance Corporation, the majority of the businesses are willing to pay for consulting services. More than one-third of entrepreneurs identified a need for legal counseling and consulting services on business planning issues. Another area as demanded by the business sector is training on business planning, accounting, sales, marketing, advertising, strategic planning, and human resources management

Major public sector end-users are government organizations engaged in implementation of social infrastructure projects funded by major international financial institutions (IFI) such as the World Bank, Asian Development Bank and the Islamic Development Bank. Market opportunities under these projects are available at respective IFI web sites.

Although small, the market for business consulting and services is open to interested U.S. companies. Non-tariff barriers in this challenging but rewarding market segment include low awareness of business enhancement instruments by local business sector, and low purchasing power.

Interested U.S. companies considering permanent presence should incorporate a company under the laws of Tajikistan. Current legislation has no restriction on foreign ownership of companies. Use companies may have 100% full ownership over its company in Tajikistan. Financial consulting or audit practice requires license issued only to legal entities.

Food Processing and Packaging

Best Prospects and Opportunities

In general, opportunities exist in fresh fruits and vegetables production, processing, and related services such as cold storage facilities or transportation; there is even a potential for organic production and exports to high-value markets.

Tajikistan is located at the crossroads of Russia, Central Asia and South Asia and has a rich agro-industrial potential, low production costs, and proximity to major consumer markets (Russia, Kazakhstan, Afghanistan). Tajikistan continues to restructure its agricultural sector to encourage value-added processing and packaging and to create more opportunities for suppliers; as a developing country, it would benefit from diversification of its export potential, and from promoting up-to-date processing and packaging facilities and effective farm management. The government has acknowledged that the development of agribusiness is a top priority in its development plan and continues to support investors.

Tajikistan used to export fresh and canned fruits and vegetables to countries of the Soviet Union, mainly in bulk and with little attention to quality. With the collapse of the Soviet Union, these market links were lost, forcing this sector to create new trade linkages.

The main agricultural products are cotton, grain, fruits, vegetables and tobacco. According to economists, in the coming decade the agricultural sector will remain as a key component of the economy in terms of employment, exports and economic development. The Constitution does not permit private land ownership; the state remains the sole owner of all land and mineral resources, although it can allocate land to cooperative entities through leases of various lengths or through grants of right-of-use status.

Traditionally, Tajikistan was one of the largest producers of fruits and vegetables for the former Soviet Union with a reputation for high quality. Since 1990, production has dropped for many reasons, including the loss of previous markets after the collapse of the Soviet Union and a 5-year civil conflict that ended in 1997. This is further complicated by a lack of modern farm management and machinery. However, the potential for high quality production still exists.

The main fruits and vegetables grown in Tajikistan are: melons, watermelons, apples, apricots, grapes, pears, onions, tomato and lemons. Tajikistan has climatic and production condition advantages, including ready availability of water for irrigation, which offers a good potential for growing a large number of products over a year period. The climatic conditions offer a competitive edge compared with other Central Asian countries, giving the country the ability to supply fresh produce earlier than its competitors.

Tajikistan has always cultivated fruit, and this tradition of cultivation and export still exists. For example, in the period of 1965-1990, some 90,000 to 110,000 tons of fruits were exported annually to the other republics of the former Soviet Union. Russian market demand is increasing. A few years ago Tajik fruit and vegetable products were losing market share in Russia, but that share has been regained, reportedly due to Tajikistan's "ecologically clean product."

The structure of production and processing in Tajikistan is very similar to other Central Asian countries. The food processing industry is based primarily on local raw inputs. The major problems include outdated machinery, lack of western management, and low yields of crops and shortage of working capital. This results in existing processing capacities only working at 20%.

There are more than 30 canning plants in Tajikistan, all privately owned (privatized) with total processing capacity of about 500 million standard jars. In general, all food-processing enterprises are using old equipment inherited from Soviet Union factories. There are few plants that are using modern western equipment which are usually acquired through joint ventures or loan acquisition. The processing sector lags behind other sectors of the economy due to the lack of an effective and efficient marketing chain connecting farmers and processors, and the absence of international marketing agencies with permanent links to markets.

However Tajikistan has a comparative advantage in the production of dried fruits using the country's large amounts of natural sunlight. Also, a low level of pesticide use opens a window for producing high quality organic products to high value markets.

Lal (Ruby), JSC – a glass jar factory in Sughd region, represents the entire food packaging industry. Established in 1949 and privatized in 1991, this private enterprise currently produces 20 million jars annually. The factory is set to produce glass jars using local raw materials, but the product range is very specific – 1, 2 and 3 liter glass jars. The company has only one production line and it plans to build another glass jar factory in Khatlon.

The absence of a domestic producer of plastic and Western-standard glass jars is one of the major difficulties in the sector. Antiseptic packaging is not present in Tajikistan in sufficient quantities. Imported packaging considerably increases the cost of final products.

Below are some examples of how fruits and vegetable products are packaged. Tomato paste is packaged into 200-kg plastic and bags and casks, usually made in Russia, Iran or Turkey. Packaging is bought from Russian distributors. Dry fruits and nuts are packaged into plastic bags. Fresh fruits and berries are dropped into boxes. Fruit and vegetable products in Tajikistan are packaged in metal cans and glass 3-liter jars. As a consequence of the dominance of glass jars, total production capacities are recorded as standard jar units. A standard jar glass jar is given a nominal volume of 350 ml and a metal can as 353.4 ml. The nominal mass in each case is taken as 400 g.

Opportunities for U.S. companies are in fruit and vegetable production, and in processing and storage. There is a great need for modern equipment and technology, efficient and effective machinery, farm management, and business consulting. Below is a short overview of existing constraints, the current legislation, the Government's strategy in the fruit and vegetable sector, and an overview of each segment in the sector.

Excellent climatic conditions for agriculture, (seven climatic zones) allow the cultivation of many different products. The privatization of small and medium enterprises has been completed. The Government's policy is aimed at further diversifying the agribusiness sector and supporting the sector's export potential.

Constraints in agribusiness include:

- Limited access to credit, actual rates are 24% annually and in general, loans are issued for less than a year;
- Worn out agricultural machinery, equipment and tools;
- Lack of a centralized system to supply inputs;
- No informational and consultative support to farmers;
- No proper market analysis and business support; and
- Farmers don't have access to modern farm management models and experiences.

The Government has identified the agribusiness industry, particularly fruits and vegetables, as a top priority for development. The cold storage of fruits and vegetables such as onions, cabbage, grapes, and apples presents an opportunity. There are several cold storage facilities of 500-ton, but equipment was stripped during the civil war. If properly rehabilitated and equipped, this could provide the basis for major export activities.

Farmers do not use pesticides, very little or no chemical fertilizers, and sub-optimal quantities of manure. Under these conditions, if the process can be internationally certified as organic, it will draw huge exports and foreign currency to further upgrade technical facilities and machinery as well as to introduce western farm management methods. Organic production in Tajikistan presents a huge potential for investors.

Onion drying is a significant agribusiness opportunity. Varieties include “May onion” (sown in September and harvested from late May to early August), “early red”(sown in March and harvested from May to early August) and Spanish onions (sown in June and harvested from September to November). Yields are around 20-30 tons per hectare. Farmers, using recommended quantities of inputs, could obtain up to 50-60 tons per hectare.

Grapes are produced in Tajikistan in large quantities; however, overall production has declined from 120 tons in 1991 to 40 tons in 2004, partly due to closure of wineries and an inability to export the grapes under appropriate conditions. This illustrates Tajikistan's great export potential: Argentina, a well-known exporter, produced only 12 tons of grapes in 2000, while Tajikistan produced 110 tons in the same year.

The walnut segment in Tajikistan is another potential draw, with its low input and low labor costs the segment can prosper, if effective standards for purchasing raw nuts and for exporting the finished product are adopted. In 2000, about 5,600 tons of walnuts and 3,700 tons of pistachios were produced. According to experts in the field, pistachios are very competitive given that production, processing, marketing skills of farmers/growers and processors have all improved. Significant marketing advantages : relatively low wages, which gives access to high value markets at a very competitive price.

Khatlon has transportation advantages over other Central Asia locations to export to Afghanistan.

Melons and watermelons have the potential to become a specialty export product, as the extraordinary summer heat makes them sweeter than melons and watermelons produced elsewhere. The annual production of melons and watermelons in 2002 amounted 90,500 tons.

Chapter 5: Trade Regulations, Customs and Standards

Import Tariffs

Tajikistan's official trade regime is relatively liberal, the average tariff is around seven percent. Tariff rates are between 0 and 15 percent. The forty-five least developed countries are exempt from import tariffs.

Trade Barriers

Tariff barriers include a quantitative restriction on quotas for alcohol and tobacco imports. Non-tariff barriers include: excessive mandatory certification of goods, lack of well equipped laboratories and transparent pricing and regulations make it difficult to obtain certification easily.

Tariff barriers: Quantitative restrictions are mainly limited to quotas on the import of alcohol and tobacco products.

Non-tariff barriers: Non-tariff barriers include the usual provisions for compliance certification for food, safety, and security reasons. However, the system of product standards is excessive for a small country like Tajikistan. The comprehensive system of mandatory standards dating back to the Soviet Union has been largely retained. But as a poor and small country, Tajikistan is unable to properly administer the complex and demanding standards systems that require well equipped laboratories, highly qualified staff, and effective enforcement capacity.

Tajikistan has no export tariffs. The overall trade-weighted import tariff rates are approximately seven percent.

Import Requirements and Documentations

U.S. companies exporting into the Republic of Tajikistan are required to present the following documents for customs clearance:

- Letter of application for customs clearance;
- Customs cargo declaration
- Contract of the transaction
- Certificate of Origin
- Certificate of Quality
- Quarantine Certificate
- Veterinary Certificate
- Phyto-sanitary certificate
- Certificate of Conformity
- Shipping documents

- Invoice
- Power of attorney authorizing a physical entity to do customs clearance
- Receipts for payment of customs dues and payments

Customs cargo declaration

The customs cargo declaration is the most important document for export and import operations. Any disputes between business and inspection authorities – the Tax or the Customs services are based on the existence or lack of the customs cargo declaration and accuracy of the data provided therein.

The customs cargo declaration must be filled out by the party moving goods across the customs border, or by the customs broker acting as a declarer. Customs cargo declaration is filled out in Russian for countries of the Eurasian Economic Union, or Tajik language on a computer or typewriter before the customs clearance is carried out.

Tajik legislation allows the following ways to declare of goods and transportation means:

- Written (described below)
- Oral

For a written form of declaration the following should be submitted:

- Customs cargo declaration
- Customs declaration for natural persons
- Written letter of application
- Shipping documents (international shipping documents, railway or airway bills) as provided for by the international conventions, transportation by-laws and codices

Along with other details the following information is presented to customs authorities when goods are being moved across border:

- Who is shipping the goods
- Based on what documents the shipment is being made
- What type of transportation is being used
- Identification and codes of goods (classification of goods), quantity, and customs value of the goods
- Country of departure and country of origin of the goods
- Sender and consignee of the goods
- What customs regime is being stated

The following goods are subject to mandatory certification:

- Children's goods
- Food products, processed agricultural products and feed production
- Pharmaceuticals and herbs
- Consumer goods (products which contact skin, food products and drinking water)

- Fuel
- Consumer chemicals
- Perfumery and cosmetics
- Poisonous chemicals and mineral fertilizers
- Agricultural machinery, equipment for household purposes
- Agricultural equipment
- Individual defense products
- Electro-technical, radio-technical, electronic devices for testing on electric and magnetic compatibility and safety
- Construction materials
- Communication products
- Products with material subject to fire and explosion
- Explosive materials and devices for explosive works, storage under pressure and weight lifting machinery
- Oil, oil products, gas, electric energy and heat energy

To obtain full information on customs clearance procedures in Tajikistan please visit:
http://www.bisnis.doc.gov/bisnis/bisdoc/cr_tajikistan.htm

U.S. Export Controls

Tajikistan adheres to international export controls and works in close cooperation with the United States and other Western countries in implementing export controls on certain sensitive technologies. U.S. export controls on items exported from the United States to the Republic of Tajikistan are generally similar to those in effect on items exported to other Western destinations. The procedures for obtaining licenses differ from practices in the United States and western countries. Please contact the U.S. Embassy in Dushanbe or the U.S. Department of Commerce, Bureau of Export Administration, Washington, D.C. Tel.: (202) 482-2547, Fax: (202) 482-3617) for details on U.S. export controls.

Labeling and Marking Requirements

Labeling and marking requirements for products depend on the type of product and the intended use. In general, however, labels must be in the Russian language and can be affixed to the product or on a leaflet attached to the product. Information must include the name of the product, name of producer, country of origin, and in some cases, instructions for use. Labels for some products, such as foods, beverages, food supplements, and textiles, must also provide content and composition.

Tajik importers and distributors are responsible for correctly labeling products that are put on the market and can typically advise the U.S. exporter of specific requirements regarding labeling and marking.

Prohibited or Restricted Imports

According to the Customs Code imports of some commodity items and transportation means may be prohibited for reasons of national security, protection of public order, morality, health, protection of animals and plants, protection of the environment, protection of art, historical and archaeological value of Tajikistan and foreign countries, protection of property including intellectual property, protection of interests of national consumers and other lawful interests of Tajikistan.

Alcohol and tobacco products are subject to license and limited import regulations.

Customs Regulations and Contact Information

A new customs code became effective as of January 1, 2005. It provides a general outline of the customs procedures; for related procedures and activities there are additional legal documents, which govern specific areas of the customs code.

Ministry of State Revenues and Duties
Mr. Gulyam Babaev, Minister
50 Buhoro Street
Dushanbe, Tajikistan 734025
Tel: +992 (372) 211872
Fax: +992 (372) 232723

Standards

Tajikistan inherited a standardization system from the Soviet Union and the majority of standards require revision. Standardization and certification are two processes of a single system both aimed at providing consumers with product quality and safety. It is necessary to make a clear distinction between the two processes. Standardization is an activity aimed at setting norms, regulations and characteristics of a product, processes and services for multiple use and reproduction. Certification is an activity to confirm compliance of products, goods, works and services to established norms, rules and characteristics (standards).

Overview

Tajikistan is in the process of harmonizing its standards with international norms. U.S. companies should be aware that in theory Tajikistan has a comprehensive system of mandatory standards, but cannot properly administer the complex and demanding standards system. Lack of well-equipped laboratories, highly qualified staff, and

effective enforcement capacity are burning issues. Tajikistan accepts the conformity certificates of its major trading partners, however, according to some importers it only exists in theory.

The Law On Certification of Products and Services and other regulatory acts regulate certification procedures in Tajikistan. According to article 12 of the Law on State Foreign Trade Regulation all commodities imported to Tajikistan are subject to meet technical, pharmacological, sanitary, veterinary, phyto-sanitary and environmental standards and requirements set in Tajikistan. All services and processes are subject for certification; the certification procedure is the same for all types of products. Details of certification process are available at:

http://www.bisnis.doc.gov/bisnis/bisdoc/cert_tajikistan.htm

Organization

The organization, which develops and maintains standards within the Republic of Tajikistan, is the Agency for Standards, Metrology, Certification and Trade Inspection of the Ministry of Economy and Trade (Tajik Standard). Tajik Standard does not have a web site. Contact details are provided further below.

Testing

List of national testing organizations

Tajik Standard, (Agency for Standardization, Metrology, Certification and Trade Inspection of the Ministry of Economy and Trade)

Mr. Davlatali Hotamov, Director

42/2 Negmat Karabaeva Street

Dushanbe, Tajikistan 734018

Tel: +992 (372) 340865

Fax: +992 (372) 336869

National Health Certification Center, Ministry of Health

Mr. Bahrom Mahmadvazirovich Holnazarov, General Director

5/5 Alisher Navoi Street

Dushanbe, Tajikistan 734025

Tel: +992 372) 211945

Fax: +992 (372) 210895

State Communications Inspectorate

Ministry of Communications

Ms. Lyubov Grigorievna Kovalevskaya, Director

57 Rudaki Avenue, 3rd floor, Office 312

Dushanbe, Tajikistan 734025

Tel: +992 (372) 217183

Veterinary and Phytosanitary (Ministry of Agriculture)
Ministry of Agriculture
Mr. Voris Samievich Madaminov, Minister
44 Rudaki Avenue
Dushanbe, Tajikistan 734025
Tel: +992 (372) 211596

Accreditation

The accreditation system of testing laboratories (centers) is based on Tajik Standard (TjST 5.4-94) effective January 1, 1995. The standard sets basic requirements on the certification and accreditation procedure within the Tajik National Certification System. The standard is in line with ISO-2 Guidelines and ISO 8402 standard. Accreditation of test laboratories as an official recognition of technical competence and independence of the laboratory is mandatory.

Accreditation and inspection supervision over accredited laboratories is a responsibility of Tajik Standard, involving certification bodies, consumer unions, and manufacturers' representatives. Supervision procedure is defined jointly with the decision on accreditation and is valid during the entire term of the accreditation certificate.

Below, is a list of steps involved in the accreditation of laboratories:

1. Submit an application package for accreditation
2. Review of the application package
3. Examination of testing laboratory (center)
4. Decision making process based on results of examination
5. Registration and issuance of accreditation certificate

Contact information

Standards organizations

Tajik Standart
(Agency for Standardization, Metrology, Certification and Trade Inspection of the
Ministry of Economy and Trade)
Mr. Davlatali Hotamov, Director
42/2 Negmata Karabaeva Street
Dushanbe, Tajikistan 734018
Tel: +992 (372) 336869
Fax: +992 (372) 331933

Post's contact information

Mr. Jamshed Rahmonberdiev
BISNIS Representative
American Embassy
10 Pavlova Street
Dushanbe, Tajikistan 734003
<http://www.bisnis.doc.gov>
Email: Jamshed.Rahmonberdiev@mail.doc.gov

Trade Agreements

Tajikistan signed bilateral agreements on trade and investment facilitation with the following countries: Austria, Bulgaria, Hungary, Vietnam, India, China, Korea, Kuwait, United Arab Emirates, Pakistan, Syria, Slovakia, the United States of America, Turkey, Czech Republic, Afghanistan, and Iran.

Tajikistan is a member of the Commonwealth of Independent States (CIS), the Eurasian Economic Community (EEC), and the Shanghai Cooperation Organization (SCO). The agreements within CIS and EEC allow transit of goods through relevant territories.

An agreement on bilateral trade relations between the United States and Tajikistan was signed on July 1, 1993.

In 2004 the United States Government and the Central Asian governments signed a Regional Trade and Investment Framework Agreement.

Web-resources

Eurasian Economic Community
<http://www.evrazes.com>

The Shanghai Cooperation Organization
<http://www.sectsco.org>

Telecommunications

Tajik Telecom, JSC is the national telecommunications operator of Tajikistan. Tajik Telecom's network covers Tajikistan providing the following services: urban and rural telephone communications, international communications – long distance telephone, email and Internet access, broadcasting, telegraphy, and telex.

Despite the difficult geographical landscape of Tajikistan, the telephone network was upgraded from obsolete analogue equipment to digital in 2003-2005 (the current

digitization level is 90%). The major vendors of digital equipment are ZTE Corporation and Parstel. Replacement of Strowger and partially crossbar switches to digital, and installation of SDH-ring transmission systems in Dushanbe and Khujand sharply improved quality of existing services and introduced new modern telecommunication services. Tajik Telecom's utilization of advanced traffic measurement and customer service activities resulted in considerably more efficient and reliable network. In general, duty rates for telecommunications equipment do not exceed 15%. U.S. companies can involve and invest in projects building fiber-optic networks, as well as production of fiber optic cable from local raw materials.

As of January 1, 2006 there are more than 400,000 subscribers to mobile phones. Types of technologies used include GSM, CDMA and 3G networks.

Tajikistan's first ISP Telecom Technologies JSC, established in 1994, first introduced Internet in Tajikistan in December 1998. Since then 10 other providers have entered the market, all are local privately owned companies. All ISP offer dial-up and leased line connections. Internet remains to be very expensive in Tajikistan because country's networks are not connected to Trans-Asia-Europe (TAE) fiber optic backbone and data transmission is mostly carried out through satellite systems. Prices for dial-up connection in Dushanbe at 56K are \$1/hr in average during business hours, and about \$0.5 from midnight to early morning. Broadband connection is based on DSL technology; and costs from \$500 to \$1,000 per month for connection of less than 1Mbyte. Internet is available at major cities: Dushanbe, Khujand, Qurghon Teppa and Khorog.

Transportation

There are no direct transatlantic routes to and from the Dushanbe airport. Major European and international carriers are not present in Tajikistan. The closest airports with transatlantic routes are the Almaty International Airport in Kazakhstan and Domodedovo International Airport in Moscow.

There are several entryways to Dushanbe from Eurasia. The most frequently used routes are Almaty-Dushanbe, Moscow-Dushanbe and Munich-Dushanbe. International flights are operated by the state owned company, Tajikistan Airlines on Tupolev and Yak aircrafts.

Tickets can be arranged in Almaty through a representative office of Tajikistan Airlines or through travel agencies such as Carlson Wagonlit Travel or Central Asia Tourism Corporation; both have offices in Almaty and Dushanbe.

Web-resources

Tajikistan Airlines
<http://www.tajikistan-airlines.com>

Samara Airlines

<http://www.samara-airlines.ru/english>

Domodedovo International Airport, Moscow

<http://www.domodedovo.ru>

Almaty International Airport, Almaty

<http://www.almatyairport.com>

Central Asia Tourism Corporation

<http://www.centralasiatourism.com>

GSM network coverage information

http://www.gsmworld.com/roaming/gsminfo/cou_tj.shtml

Language

Official language is Tajik; Russian is widely used in major cities and as the language of business.

Health

There are no health restrictions to travel to Dushanbe. Food and waterborne diseases are the number one cause of illness. Viruses, bacteria, or parasites that contaminate food or water can cause Travelers' diarrhea. Infections may cause diarrhea and vomiting, fever or liver damage (hepatitis). Make sure food and drinking water are safe.

Malaria is a fatal, but preventable infection. A traveler's risk of malaria may be high in the south, including cities. Prevent this deadly disease by seeing your health care provider for a prescription anti-malarial drug and by protecting yourself against mosquito bites. All travelers to malaria-risk areas in Eastern Europe, including infants, children, and former residents of Eastern Europe, are at risk for malaria. Parts of the countries of Armenia, Azerbaijan, Georgia, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan have malaria risk. Travelers to malaria-risk areas in Tajikistan, should take the anti-malarial drug chloroquine to prevent malaria.

For additional information on malaria risk and prevention please visit

www.cdc.gov/travel

Be sure to check State Department's Travel page

<http://travel.state.gov/travel/abroad.html>

Medical information for Americans traveling abroad is located at

http://travel.state.gov/travel/abroad_health.html

Once in Tajikistan, it is not recommended to drink the tap water. Still and mineral bottled water is available at any grocery store. Fruits and vegetables bought in local market should be washed thoroughly.

For American travelers, registering at the U.S. Embassy in Dushanbe makes your presence and whereabouts known, in case it is necessary for a consular officer to contact you in an emergency.

There are no private western clinics, which offer health services according to international standards. In case of emergency, visitors should contact the U.S. Embassy in Dushanbe.

U.S. Embassy in Dushanbe
10 Pavlova Street
Dushanbe, Tajikistan
Tel: +992 (372) 210348/52; 241560
Fax: +992 (372) 210362; 510028
Email: DushanbeConsular@state.gov
<http://tajikistan.usembassy.gov/>

Local Time, Business Hours, and Holidays

The local time zone is five hours ahead of Greenwich Mean Time (GMT). Tajikistan does not convert to daylight savings time. Local business hours are from 8 a.m. to 5 p.m. but most of the business is usually done by noon. Lunch breaks are typically from 12 p.m. to 1 p.m.

The following is a list of national holidays observed in 2006

January 1 – New Year

March 8 – International Women's Day

March 21-23 – Navruz

May 1 – International Solidarity Day

May 9 – Victory Day

June 27 – National Unity Day

September 9 – Independence Day

November 6 – Constitution Day

Eid Al-Adha (Qurbon) and Eid Al-Fitr (Ramadan) are celebrated according to lunar calendar

Chapter 6: Investment Climate Statement

Tajikistan presents selected opportunities for savvy investors who are willing to put in significant research and effort into market development activities. Tajikistan lagged behind other Soviet republics economically and remains the poorest of the newly independent states and one of the poorest countries in the world. The Tajik government has shown interest in attracting foreign investment but seems unsure of how to implement much needed economic reforms, including the incorporation of the country's considerable gray economy and sizeable remittances. The Tajik government has committed to addressing Tajikistan's internal and external isolation, but progress is slow. Until Tajikistan addresses internal infrastructure impediments to investment, the system will not attract or support significant growth in FDI.

Openness To Foreign Investment

Although the Government of Tajikistan is hungry for foreign investments, through 2004 it was only able to attract on average \$27 million per annum. President Rahmonov has made numerous public and private statements, calling for foreign investment, particularly in the hydropower sector. However, his administration has yet to fully implement key reforms and regulations to create an attractive business climate. The Tajik Government still burdens the private sector with unnecessary costs and creates substantial uncertainty and risk through non-transparent practices and unjustified barriers to competition.

To accelerate flow of foreign investments the Government of Tajikistan has adopted a Law on Foreign Investments in 1992. Although this law establishes the general investment conditions, it has many gaps and contradicts other legislative acts.

According to existing legislation foreign investments can be made through acquisitions, mergers, and takeovers by:

- Owning a share in existing companies, either jointly with other Tajik companies or Tajik citizens;
- Creating a fully foreign-owned under the laws of Tajikistan;
- Acquiring assets, including shares and other securities;
- Acquiring the right for use of land and other mineral resources, as well as exercising other property rights either independently or in shared with other Tajik company(-ies) and citizen(s) of Tajikistan;
- Concluding agreements with legal entities and citizens of Tajikistan providing for other forms of foreign investment activity;

The judicial system recognizes sanctity of contracts; however contract enforcements are poor, due in part to general inadequate legal awareness and a non-independent court system. Tajikistan is party to a number of arbitration agreements and conventions, however does not have its own internationally recognized arbitration system. The courts do not always respect or uphold international arbitration rulings.

The Tajik Government's Economic Development Strategy for 2005-2015 emphasizes economic and industrial growth. The Strategy has no discriminatory effects on foreign-owned investors. According to the Civil Code (Article 1) there are no legal discriminations against foreign company and foreign entities. Practically every

international agreements of Tajikistan has a provision for most favored nations regime (climate).

Foreign investors can acquire real estate. There are no legal limitations for foreign investors to buy shares on local stock exchange. The law on foreign investments guarantees foreign investors' right to buy shares on local market, according to the procedures set forth by the Ministry of Finance. Foreign investors' activity on the stock exchange is regulated by the Law on Security and Exchanges which in turn refers to the Law on Foreign Investments. The foreign investments law has no articles that regulate professional activity of foreign investors on stock exchange.

Since Tajikistan does not have a foreign investment body that is empowered to deal with foreign investors directly and there are no established criteria to screen investment proposals. Instead of working with delegated investment promotion agency, a potential investor has to go through a lengthy screening process by all concerned government agencies. In practice, a proposed statement of foreign investments forwarded to the Government of Tajikistan is circulated among the relevant government offices and ministries with instruction to review and express their formal no-objection statement. If a certain ministry of the government objects to the proposed investment activity statement it forwards an official note to the attention of the Government. The criteria for screening include a background check on the company, person(s) representing the company, and identification of a financial source to comply with anti money-laundering regulations.

In general, privatization of small and medium enterprises (SMEs) is complete. The privatization process began during the civil unrest (1997-1992), which limited potential international owners exposure and access to SMEs. Privatization of state property still continues, and although there are no limitations on foreign investor participation in privatization of state owned assets, in many circumstances the decisions are made in favor of selected interest groups through behind-the-scene arrangements. The largest enterprises, belonging to Tajikistan's transportation infrastructure and electricity distribution and maintenance sectors, are still government-owned but are planned for privatization by 2007.

There is no discrimination against foreign investors at the time of the initial investment or after the investment is made. Current investment law and tax code provide for a number of incentives. Procedures for practical application of incentives are not written concretely, therefore practical application of incentives is somewhat difficult to implement. Companies with foreign investments are treated equally as domestic companies in terms of access to and procedures for obtaining licenses, approvals and procurements.

There are no laws or regulations specifically authorizing private firms to adopt articles of incorporation or association, which limit or prohibit foreign investment, participation, or control. Also, there are no other practices by private firms to restrict foreign investment, participation in, or control of domestic enterprises.

The Tajik economy began its rapid growth at 8-10 % per annum in 2000. Since then, regulation and taxation are still under reform. Economic indicators remain below the benchmarks of 1991, when Tajikistan gained its independence. The government has increased revenue collection for its social expenditures, however, non-transparent administration and corruption in tax agencies results in high-level informalities. The tax burden is placed on the private sector and companies who do actually comply, resulting in distorted competition.

Corruption and rent seeking in Tajikistan is still high. Although bank deposits in 2005 more than doubled on a year-to-year basis, the informal economy is still quite substantial. According to some estimates, it equals half the GDP (\$2 billion).

Conversion And Transfer Policies

Currently Tajikistan does not actively restrict funds conversion or transfer, although the National Bank has been preparing a package of new regulations on this topic for two years. However, less developed and strictly controlled banking infrastructure with limited capital present obstacles for investors in terms of local sources of financing. Currency can be freely exchanged; however it is often difficult to conduct large currency transactions, due to limited amount of foreign currencies available at domestic financial market. Investors are free to import currency. At present, only the National Bank can affect international wire transfers directly. The system itself remains very slow and expensive, and transfers often take more than a week to complete.

Starting in 2006, the minimum regulating capital for commercial banks will be set at \$5 million. Only four Tajik banks currently meet the requirement fully.

According to various sources, there is approximately \$1 billion circulating in the Tajikistan economy outside the banking sector. Having lost all their savings in the Soviet Union to the Russia ruble conversion in 1993, few people trust banks and hence hold money in their homes. However, the increase in deposits over the past year reflects growing confidence in the banking system. Personal deposits continue to increase and totaled \$200 million in November 2005, seven times greater than in 2003. After the government cancelled the 30% fee for bank transfers by physical entities in November 2001, Tajik migrant workers have been more inclined to use official channels to send remittances from abroad to Tajikistan. Still, a large number of Tajik migrant workers use informal money transfer channels, including traveling with cash.

The National Bank has launched a campaign to encourage more Tajiks to open accounts, and although rising, the rate of consumer savings accounts remains low. As a result, few investors secure business or personal loans through banks partly due to high interest rates, and capital remains tight. Checking accounts do exist but are not widely used due to strict requirements on cash withdrawal procedures. The government issues both bills and bonds, and according to legislation, foreigners can purchase them. The stock market in Tajikistan is in the early stages of formation.

Expropriation And Compensation

There are no recent cases of expropriated property. The Law on Foreign Investments details the types of actions that can be taken with regard to expropriation of property. The Law states that investors are to be compensated for expropriated property, but compensation levels are likely to be minimal. The sectors most likely to face expropriation are monopolies where the state controls almost all of the market.

Dispute Settlement

The Tajik government recognizes the value of the rule of law, but has not demonstrated a clear understanding of its importance to investors. The international community has encouraged Tajikistan to improve its legal system with mixed results. Many well-written laws have been passed, but implementation and consistent interpretation lag behind. The Tajik government does not openly publish laws and regulations, and few people, especially small business owners, are aware of their rights and responsibilities. Further compounding the problem is a weak judiciary that is ill equipped to defend the interests of investors.

In 2005, one American company was involved in an investment dispute with a state-owned enterprise. In all hearings and appeals, the court system has ruled against the American company in favor of the state-owned company. The case is in the final stages of the appeals process. This is the first investment dispute concerning an American company, and does not reflect a trend, but in past years, investors from The Netherlands, Switzerland, Italy and Iran among other countries have been involved in legal disputes. Tajikistan does have well-written commercial and bankruptcy laws including rights for foreign creditors and investors and bankruptcy legislation revised in 2005. The country's contract law is modeled on European law. These laws are regulated under the country's civil code, however, they are not always enforced in the court system.

Tajikistan is just starting to develop an Institute of International Arbitration. It has signed bilateral agreements with several countries on arbitration and investment disputes. However, these agreements are not always enforced or recognized. Tajikistan does not have such a bilateral agreement with the United States.

In 1993 Tajikistan became a member of the International Association on Investment Guarantees as well as the International Center for the Settlement of Investment Disputes (Washington Convention). Tajikistan is not a party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Performance Requirements/Incentives

Joint stock companies with foreign investments receive significant tax incentives that are not offered to private companies with domestic investments. The government does not formally impose performance requirements as a condition for establishing, maintaining, or expanding investment. There are few requirements for locally owned shares or reduced

foreign sales over time. While there is no requirement to "buy locally," it is encouraged. Under the Law on Foreign Investment, not less than 70% of employees in foreign-owned enterprises must be local employees.

The government does not impose geographic restrictions or conditions, but the topography and poor infrastructure of the country pose their own de facto restrictions. Transportation is difficult. Roads within Dushanbe and Khujand are substandard even by regional standards, and roads outside of major population centers are generally unpaved and poorly maintained. Weather also impacts travel, making overland travel to parts of the country (e.g., GBAO and Khujand via Anzob Pass) impossible for much of the year. Overland import/export requires patience and ingenuity as customs agents on neighboring borders frequently operate on the principle that they constitute an assumed cost of doing business.

Right To Private Ownership And Establishment

The government wants to encourage business development but faces major obstacles in doing so, including its own practices. On one hand, the laws allow private entities to establish and own businesses and engage in almost all forms of remunerative activity. Foreign entities may establish, acquire, and dispose of interests in business enterprises. On the other hand, the old Soviet mentality still negatively impacts businesses. The average government inspector believes that certain activities are not permitted unless they are expressly allowed, and since laws are neither published nor uniformly applied and interpreted, businesspeople often find Tajikistan frustrating.

Tajikstandart is the government agency that handles certifications of goods and services, calibration and accreditation of testing laboratories, as well as supervises compliances with state standards requirements. Tajikstandart does not publish its fees for licenses and certificates, nor does it publish requirements for various businesses to allow businesspeople to find out what they are required to have to run their businesses. As a result, businesspeople are vulnerable to an individual tax inspector's interpretations of the requirements and the prices for them.

In addition, investors may need to work creatively to deal with unofficial barriers to success. Informal networks of clan-based, interrelated suppliers often exist, forcing would-be investors to "buy in" to the system. This hinders competition and sometimes constrains new investors from fully participating.

The government faces a daunting task to improve the operating environment. Any restructuring must be implemented at each sub-governmental level for each area of reform (communication, expectations and patronage system, and so on). The Tajik government has begun reviewing these weaknesses and is making some improvements.

Protection Of Property Rights

The Communist mentality of the Soviet era has been slow to fade. Consequently, individuals may find it challenging to protect their property rights in a manner to which westerners are accustomed. With United States government assistance, the drafting of Part III of the Civil Code that addresses intellectual property rights has been completed. The World Bank has been working for several years to develop a mortgage program in Tajikistan, it is expected that the draft of mortgage law will be completed in 2006. However, people only own or lease the actual buildings on the land and not the land itself, and there are significant restrictions on using property titles as collateral. While an instruction on the order of legal registration of buildings exists to deal with ownership issues, private land ownership is still prohibited. (Note: according to the constitution the land is property of the state)

Even when secured interests in property do exist, enforcement remains an issue. Investors should be aware that establishing title may be a more involved process than in western countries, as it is often unclear who owns title, making it more difficult to effectively transfer or acquire title. A system to record, protect and facilitate acquisition and disposition of property exists but would benefit from improvement. After many banks failed or nearly failed as a result of the high default rate on mortgages, they began a policy of taking upwards of 30% off the top in service fees, with interest rates for repayment ranging from 12-18%. Finally, the legal system is not adept at quickly and efficiently settling disputes.

Tajikistan does not adhere to key international agreements on international property rights and there exists little real protections for patents, copyrights, trademarks and other intellectual property.

Transparency Of The Regulatory System

Tajikistan does not yet use transparent policies or effective laws to foster competition; in fact, cronyism, nepotism and corruption all work to create a business environment that favors those with connections to the government. Tajikistan's regulatory system lacks transparency and poses a serious impediment to businesses' operational abilities. Regulators and officials often apply laws arbitrarily, and are frequently unable or unwilling to make decisions without a supervisor's permission, leading to lengthy delays. Transparent executive documents are frequently inaccessible, leaving businesses and investors in the dark as to the rules of a particular game.

Tajikistan has a tax code that presents a sound legal basis for the tax system; however, it is undermined by inconsistent application that impedes development of small and medium enterprises. A new tax code came into effect January 1, 2005, which was compliant with WTO standards.

Tajikistan is also working towards international accounting norms, however these have yet to be implemented.

Structural problems aside, the Tajik government needs to convey its goals and procedures to the inspectors and other government employees who interact with businesses daily. Bureaucratic hassles are common, and as long as Tajikstandart, the agency responsible for licenses and certificates, refuses to publish requirements for specific enterprises and prices for required documents, businesses will find it challenging to adequately cost such fees, and the mysteriousness of the requirements may leave businesses vulnerable to investigations of alleged violations.

Efficient Capital Markets And Portfolio Investment

Tajikistan's nascent banking sector faces numerous challenges: insufficient capital, limited banking services, mistrust as a result of banking system crisis in early 1990's. The banking structure in Tajikistan is two-tiered - National Bank of Tajikistan (NBT) performs central bank functions, and commercial banks represent the second level. The national currency, the somoni, was introduced in 1995. Estimated total assets of Orient Bank, the country's largest bank are \$15 million (regulatory capital).

Six banks are public and five banks are non-public joint stock companies. Total value of regulatory capital of all commercial banks in Tajikistan is approximately \$70 million. All banks, except for Amonat Bank (State Savings Bank) are privately owned.

The banking sector received a boost from capital amnesty held in 2003. According to data from the National Bank of Tajikistan (NBT) more than \$190 million (USD equivalent) was transferred to special tax-free accounts set up in several commercial banks in Tajikistan. Only four out of 11 commercial banks meet the NBT's requirement for minimum \$5 million regulatory capital. A license withdrawal process for the remaining seven banks will begin if they fail to meet this requirement.

To facilitate the free flow of financial resources the NBT cancelled the 30% fee on bank transfers in 2003, resulting in significant increase of remittances from Russia, Kazakhstan and neighboring countries. Deposits have increased almost sevenfold since 2003; however the dollar value remains very low. As of November 2005, volume deposits totaled to less than \$200 million, and only 30% were personal deposits. The continued trend of a free flow of financial resources throughout 2006 could generate more working capital for commercial banks to expand their credit portfolio in terms of credit size and duration. In general, local commercial banks issue 12-month loans worth more than \$100,000 at 24% APR, prohibitively expensive for most local customers to develop a new business.

The private sector has access to micro-credit, commercial credit, factoring and leasing instruments. Some banks provide trade-financing services as well. In an effort to reduce barriers to competition, the Government of Tajikistan has paved the way for non-bank financial organizations and commercial microfinance. However, there is no credit bureau; much work is needed in strengthening creditor and shareholder rights.

The securities market in Tajikistan is under-developed; no regulatory system exists to encourage and to facilitate portfolio investment. There are no known cross-shareholding or stable shareholder arrangements. Hostile takeovers are rare and there are no built in protections against foreign takeovers. The reason for the scarcity of practices has less to do with openness to investment than the fact that most medium and large enterprises are state owned and controlled. Unclear statements in some laws and regulations leads to misinterpretation, resulting in selective application of certain laws and regulations to take over or completely shut down companies.

The stock market in Tajikistan was founded in 1994. Since then, it has foundered due to the lack of new financial instruments. In 2000, the Government of Tajikistan established a Central Share Registry (CSR) within the Ministry of Finance of Tajikistan. The Registry records, monitors, and facilitates share purchase and sale for more than 400 stock companies. The bond market is limited to government emission of T-bills.

Political Violence

Political violence in Tajikistan is minimal. The Tajik Civil War ended in 1997 and since then, the situation has stabilized considerably. All factions signed a peace agreement and the government incorporated members of the opposition into a multi-party system. The Tajik government is anxious to attract foreign investment and has worked to minimize the impact of political discord on foreign investors. President Rahmonov has taken measures to consolidate his power base and eliminate potential threats. With the civil war in recent memory, the people of Tajikistan are keen on maintaining peace and there have been no reported incidents of significant political violence in 2005.

Tajikistan is a transit country for extremist terrorist groups. Many terrorists use Tajikistan's uncontrolled mountainous regions as a safe haven, but evidence suggests they are no longer politically active.

Corruption

The 2005 Transparency International Corruption Perceptions Index ranked Tajikistan as the 10th most corrupt nation surveyed. Anemic anti-corruption efforts from the Tajik government and UN have proven ineffective. Extremely low official salaries have forced many Tajiks to look for other means of making ends meet. Buying a job position is a norm. People frequently bribe superiors for promotions. Cultural expectations play a role as well. People are expected to share their good fortune with superiors and extended family, and nepotism or other favors for clan-members, extended family or superiors are commonplace.

Endemic corruption is a cause for concern for investors, less for its existence than the near impossibility of accurately quantifying it. Although a signatory to the OECD Convention on Combating Bribery, corrupt practices are deeply embedded in every aspect of commercial dealings and calculating the actual cost is difficult. The Antimonopoly Agency within the Ministry of the Interior is responsible for monitoring

fiscal activity of individuals, banks and corporations; however, since there is widespread corruption throughout the government, this agency lacks both the ability and the initiative to institute real reforms.

Bilateral Investment Agreements And Double Tax Treaties

Agreements on avoiding double taxation exist between Tajikistan and Russia, Belarus, Ukraine and Turkey. There is also an agreement between Tajikistan and the Netherlands on the "encouragement and mutual protection of investments."

OPIC And Other Investment Insurance Programs

Tajikistan is open to insurance and financing programs of Overseas Private Investments Corporation (OPIC). Thus far, OPIC's involvement in investments in Tajikistan has been limited to a beverages bottling project. OPIC recently visited Tajikistan to learn about opportunities. Macroeconomic stability and a growing economy provides for a number of opportunities for OPIC insurance and financing.

Programs of the Export-Import Bank of the U.S. are limited in Tajikistan and considered on a case-by-case basis. Opportunities exist in infrastructure projects, aircraft export financing and agricultural machinery.

Labor

Tajikistan has a distinct advantage over many other impoverished nations in the world: a well-educated, technically competent workforce, excluding information technology. Tajikistan retains the foundations of the Soviet education system, but the current state of affairs in Tajik schools is cause for concern. The overall quality and availability of education have sharply declined and the younger generation will be less skilled and educated. Although education is compulsory, many students must work in order to support their families. Youth unemployment exceeds 60% in some rural areas.

The official unemployment rate in Tajikistan is under approximately two percent, but the actual rate may be as high as 40% nationwide with some areas with up to 60% unemployment. Government statistics show that the average salary per month is \$27. Nearly 60% of the population lives below the poverty line. Many well-educated Tajiks have sought employment abroad because of greater job availability and higher wages. Estimates of the number of labor migrants working outside Tajikistan at any given time range from five hundred thousand to as high as one million. Labor emigration leads to shortages in the workforce in parts of the country. Migrants remittances account for 30-50 percent of Tajikistan's GDP.

Tajikistan's high birth rate means that 50% of the population is less than 25 years old and if the trend continues, unemployment will increase.

Nepotism and corruption play a large role in the labor market. Many of the higher prestige or more lucrative jobs require a "buy-in," leading to bribes to pay back the buy-in loan and continue to pay off supervisors and higher-ups.

The labor market favors employers. Although technically, the majority of workers are unionized, most are not aware of their rights and few unions have the willpower or know-how to effectively advocate for workers' rights.

Tajikistan is a party to 44 international labor conventions. Most recently, in June 2005 Tajikistan signed to the Worst Forms of Child Labor Convention, 1999 to eliminate child labor and protect children and young people. The International Labor Organization notes that Tajikistan has not submitted reports due on the application of ratified Conventions in accordance with its Constitution in the past four years.

Foreign Trade Zones/Free Ports

Tajikistan is a landlocked country whose neighbors demonstrate varying ability and interest in trade. Trade routes flow mainly through Uzbekistan, however, because of political reasons, Uzbekistan is not an ideal trading partner. For example, there are no regular flights between the Uzbek and Tajik capitals, despite ready market. In some respects, however, the Tajiks have used this poor relationship as an excuse to avoid difficult but necessary improvements themselves.

Some experts have suggested that Tajikistan look to Kyrgyzstan as a model. While Kyrgyzstan's free trade agreement could be used as a model, Tajik-Kyrgyz trade is concentrated in the poorest oblast in Kyrgyzstan - not a motivating factor for the Tajiks. There continue to be untapped opportunities for cooperation and development. The government may be more willing to take the steps necessary to make Central Asia a more friendly trading ground.

It is hoped that a new opening along the Chinese border in Kulma, Murgab District (GBAO) will help facilitate increased trade with China. Transit times to the larger markets in Dushanbe remain long, however, and without upgrades in the transportation infrastructure, this new route will limit the potential from being realized. Several international financial institutions are planning projects to improve the road system. The United States Government is constructing a \$30 million bridge linking Tajikistan and Afghanistan, connected to a new road financed by the Japanese, which will increase trade and help develop the economy in the south. There is strong interest with Tajikistan's neighbors to south to cooperate on energy trade.

The Government enacted the Law on Free Trade Zones in 2004 and passed draft regulations to implement the law in 2005. The law is designed to attract foreign capital, investments, and technology, and to develop Tajikistan's economic potential by setting favorable conditions for foreign investors including lower taxes, lower land leasing rates, lower duties on imports and exports, and special visa rules. The government has yet to announce the locations, but it is likely these zones will be created in Sughd and Khatlon

provinces, because of the geographical advantage for free flow of trade to Uzbekistan, Kyrgyzstan.

WTO accession negotiations were launched in 2004 after intensive preparatory work conducted by the Tajik government with the assistance from the U.S. Government and other donors. In March 2004, the first round of multilateral negotiations on the accession of Tajikistan and a number of bilateral market access negotiations were conducted at the WTO Headquarters in Geneva. The Tajik government remains committed to WTO accession and implementing the necessary reforms required as accession conditions. President Rahmonov, in April, 2004, requested members of the Parliament give priority to adoption of laws that are aimed at bringing Tajikistan into compliance with the WTO agreements. Progress was made in 2005 on the Legislative Action Plan and Goods and Services Offers Market Access Negotiations. Working Party meetings market access negotiations will continue into 2006, moving Tajikistan closer to its integration into the world trading system.

Foreign Direct Investment Statistics

According to data from the State Statistics Committee, Tajikistan 1997- 2004 attracted \$224 million in foreign direct investments; data prior to 1997, during the Civil War, is not available. In average, foreign direct investment flow ranges between \$30-36 million per annum.

The largest direct investors in 2003, by country of origin are: Russia (\$10.9M), Cyprus (\$10.1M), Italy (\$3M), U.S. (\$2.5M), and Canada (\$1.2M). Top three investors by country of origin since 1997 are: UK (\$105.1M), South Korea (\$53.4M), and Italy – (\$50.0 M).

Top three destination sectors for foreign direct investments in 2003 are: chemical industry (\$10.1M); agribusiness (\$9.54M); and textiles (\$3.42 M). Since 1997, the top three destination industries for foreign direct investments are: mining (\$107.5M), textiles (\$65.1M), and production of yarn and clothing (\$54.5M).

Current FDI stock is roughly 16% of GDP, annual FDI inflows are less than 1.3% of GDP.

Statements above reflect fully materialized projects. Data on contracts for foreign-investment projects are not included in statements above. Tajikistan has not made any direct investments abroad.

Chapter 7: Trade and Project Financing

Methods of Payment

Trade Financing

Most Tajik firms use prepayment or partial prepayment with the balance due upon delivery. Payments in cash continue to dominate sales within Tajikistan. The majority of large Tajik firms are familiar with letters of credit, documentary collections, wire transfers, and cash in advance. Most would prefer not to use a letter of credit due to its high cost. Smaller companies are not aware of these payment methods; borrowing from personal contacts and informal channels of financing still exist.

In general, \$10,000-25,000 sales per year for consumer goods and general commodities are common, Tajik companies would experience difficulty in securing financing for sales exceeding this threshold. A U.S. firm's ability to provide or arrange financing is key to building significant market share. Offering sales of goods on consignment, at least for initial sales, will enable a U.S. company's distributor to generate more funds for next purchases.

Leasing is another source of financing for machinery and equipment. In early 2003 the Government of Tajikistan enacted the Law on Leasing. The majority of Tajik businesses have very little knowledge of leasing as a financing tool, due to lack of leasing companies in Tajikistan.

Project Financing

Most companies and Tajikistan government agencies lack experience and knowledge of putting together a financing package for investment or acquisition. A U.S. company's ability to aid in financing is critical. A pro-active approach will help a U.S. company stay ahead of competitors from Europe and Asia. In many cases such an approach will create a market that otherwise would not exist. The majority of local companies would prefer to work with such active partners.

For large infrastructure projects financing is available from the International Financial Institutions (European Bank for Reconstruction and Development (EBRD), Asian Development Bank (ADB), and the International Finance Corporation (IFC)). Financing for feasibility studies is available at the U.S. Trade and Development Agency. An interested U.S. company can contact the agency to find out more details about these opportunities.

After completing the initial stage of project concept development, U.S. companies should be aware that domestic financing from private venture companies and investment banks is not available. In addition to potential financing from International Financial Institutions (EBRD, IFC, ADB) Potential sources of financing outside of Tajikistan should be considered.

For higher-value items, financing is tricky, yet crucial. Lease financing is an increasingly popular approach for equipment, vehicles, and other large capital items. Food exporters should consider the U.S. Department of Agriculture's GSM program (see contacts below). Non-food exporters can contact the U.S. Export-Import Bank and Small Business Administration for information about their trade financing programs in Tajikistan. U.S. Export-Import Bank currently has restrictions to its programs in Tajikistan. While closed for certain routine trade finance transactions, Ex-Im Bank will consider structured financing arrangements such as Ex-Im Bank's project finance program, asset-based aircraft leases, and other financing arrangements that offer a reasonable assurance of repayment, including reliable access to adequate foreign exchange.

Banking System

There are no western banks in Tajikistan; U.S. firms will be able to choose among local banks that offer corporate checking accounts and debit cards. Most payments are made by bank transfer; procedures and regulation on using of checks are strict.

As of October 2005 the banking system in Tajikistan consists of 11 banks, one that is branch of a foreign bank. Six banks are public and five banks are non-public joint stock companies. The banking structure in Tajikistan is two-tiered - National Bank of Tajikistan (NBT) being the primary level performs central bank functions, and commercial banks are the second level. The national currency was introduced in 1995, and the banking sector is in an early formation stage. Major issues with the banking system are: insufficient capital, limited banking services, mistrust as a result of banking system crisis in the early 90s. Total value of regulatory capital of all commercial banks in Tajikistan is approximately \$70M. All banks, except for Amonat Bank (State Savings Bank) are privately owned.

Web-resources

National Bank of Tajikistan
<http://www.nbt.tj>

Local commercial banks:

Agroinvest Bank
<http://www.agroinvestbank.tj>

Eskhata Bank
<http://www.eskhata.tj>

Orien Bank
<http://www.orienbank.com>

Tojik Sodiro Bank
<http://www.sodirobank.com>

U.S. Government financing organizations:

The Export Import Bank of the United States
http://www.exim.gov/tools/country/country_limits.html

The U.S. Small Business Administration
<http://www.sba.gov>

The U.S. Trade and Development Agency
<http://www.tda.gov>

Overseas Private Investment Corporation
<http://www.opic.gov>

U.S. Small Business Administration
<http://www.sba.gov>

Multinational Development Banks

European Bank for Reconstruction and Development
<http://www.ebrd.com>

International Finance Corporation
<http://www.ifc.org>

Asian Development Bank
<http://www.adb.org>
Multilateral Investment Guarantee Agency
<http://www.miga.org>.

Chapter 8: Business Travel

Traveling to Tajikistan remains a major issue for international travelers. All international routes are served by the national airline on Tupolev aircrafts. Major connecting hubs to enter Dushanbe are Moscow and Almaty. There are weekly flights to Istanbul and Turkish is reportedly going to start operations soon.

Local telephone services are good, reliable and inexpensive. International calls can be made through VoIP or direct dial which is quite expensive. Express mail is available through DHL and UPS.

Hiring a car and a driver is recommended to travel inside and outside of Dushanbe.

In general business etiquette in Tajikistan is a mixture of European and Asian styles. For men and women business attire is recommended. Most businessmen print their business cards in English and Russian; most of Government officials print business cards in English and Tajik.

Business Customs and Etiquette

In general, Tajik businesses do not have qualified English skills. Local companies have one email address usually registered on free email domains in the .ru domain, and email is checked by a secretary or designated person on daily basis. Do not consider using email as an introductory way of communication because your email may not reach the decision maker.

Be patient in corresponding with potential partner(s), the company often may not respond to an email or fax request within 24 hours, simply because the company's director may be away on a trip, and other staff is not authorized to make any decisions. If you're a potential partner has not responded in a timely manner and a follow-up call is needed, do not expect that the person who answers the phone will know specifics of the issue. Patiently request to transfer to the director's office and explain the purpose of the call. Depending on the availability of the director, the person on the other line will transfer the call or take a message to deliver to his/her boss.

Tajik businesses express their hospitality and usually invite their partners "for a cup of tea". Such invitations "for a cup of tea" usually means a full course dinner with strong alcoholic drink like vodka or cognac. Offering a toast and quoting Tajik poetry classics is very common. An experienced and competent interpreter can be very important.

Although the official language is Tajik, Russian is the language of business. When it comes to promotional and advertisement campaigns, it is necessary to comply with the Law on Advertisement that requires the use of the Tajik language in the content and words of your advertisement.

When scheduling meetings with Government officials it is better to avoid Monday mornings and Friday afternoons. It is harder to make business appointments and contacts in Tajikistan during major holidays like New Year and Islamic holidays. The workweek is the standard 40 hours (Monday through Friday); some companies and government offices are open half-day on Saturday.

Key Contacts for Travelers

Communications

Country code 992 + number

To U.S.: 810 + number

Emergency numbers

U.S Embassy +992 (372) 210348/50/52/54 <http://tajikistan.usembassy.gov>
In case of emergency ask to speak to Duty Officer

Emergency Numbers:

Fire 01

Police 02

Ambulance 03

Medical Centers

Transportation

Airport Information (+992) 372 298233 <http://www.tajikistan-airlines.com>

Express mail and couriers:

DHL +992 (372) 21-02-80 <http://www.dhl.com>

UPS +992 (372) 235414 <http://www.ups.com>

Travel Advisory

U.S. State Department Consular Information Sheet

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1037.html

Visa Information

A visa is required to travel to Tajikistan. To obtain a Tajik visa the visitor should obtain a Letter of Invitation from the host party in Tajikistan. The visitor can obtain a Tajik visa in Tajikistan or in any other country where a Tajik Embassy is located. The Letter of Invitation (LOI) is issued by the MFA in Tajikistan and submitted per the visitor's request either to the Tajik Embassy where the visitor is going to obtain his/her Tajik visa, or to the Dushanbe Airport Consular bureau, where the visitor can obtain his/her Tajik visa upon arrival to Dushanbe. If the visitor prefers to get the visa upon arrival at the airport, a copy of the LOI should be emailed or faxed to him/her as a confirmation of invitation. The visitor should present this document to the border officials when boarding the airplane to Dushanbe. The LOI will be issued for a one entry-exit only within a period of one week to one month. If needed, a Tajik visa can be extended for up to one year during the first three working days.

More information is available at:

<http://www.bisnis.doc.gov/bisnis/bisdoc/Getting%20to%20Dushanbe.htm>

(Please look in Visa Regulation and Visa Application Process section)

Chapter 9: Contacts, Market Research and Trade Events

U.S. Department of Commerce

Business Information Service for the Newly Independent States (BISNIS)
1401 Constitution Ave., NW, R – BISNIS-Ronald Reagan Building
Washington, D.C. 20230
Tel: (202) 482-4655; Fax: (202) 482-2293
E-mail: bisnis@mail.doc.gov
<http://www.bisnis.doc.gov>

Special American Business Internship Training Program (SABIT)
International Trade Administration
1401 Constitution Ave., NW,
Franklin Court Bldg., Suite 4100W
Washington, DC 20230
Tel: (202) 482-0073; Fax: (202) 482-2443
E-mail: Liza_Sobol@ita.doc.gov
<http://www.sabitprogram.org>

Other U.S. Government Agencies

U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, VA 22209-3901
Tel: (703) 875-4357; Fax: (703) 875-4009
Email: info@ustda.gov
<http://www.tda.gov>

Overseas Private Investment Corporation
1100 New York Avenue NW
Washington, DC 20527
Tel: (202) 336-8628; Fax: (202) 408-5145
<http://www.opic.gov>

Some Ministries of the Government

Ministry of Energy
Mr. Jurabek Nurmahmadov, Minister
64 Ismoil Somoni Street
Dushanbe, 734026
Tel: +992 (372) 358692; Fax: +992 (372) 358694
Email: energo@rs.tj

Ministry of Communications
Mr. Said Zuvaydov, Minister
57 Rudaki Avenue
Dushanbe, 734025

Tel: +992 (372) 212284; Fax: +992 (372) 212953

Ministry of Transport
Mr. Abdurahim Ashurov, Minister
14 Ayni Street
Dushanbe, 734042
Tel: +992 (372) 211713; Fax: +992 (372)

Ministry of Industry
Mr. Zayd Saidov, Minister
22 Rudaki Avenue
Dushanbe, 734025
Tel: +992 (372) 216997; Fax: +992 (372) 218889

Ministry of Economy and Trade
Mr. Hakim Soliev, Minister
37 Bohtar Street
Dushanbe, 734025
Tel: +992 (372) 273434

Market Research and Trade Events

Total Advertising Group – Central Asia
Mr. Sherali Jurabaev, Chief Executive Officer
16 Saadi Sherozi, 12th Floor
Tel: +992 (372) 355394
Fax: +992 (372) 274861
Email: sher@tag.tj
<http://www.tag.tj>

ITE Central Asia – Tajikistan Office
66 Rudaki Avenue, Office 29
Dushanbe, Tajikistan 734025
Tel: +992 (372) 277585/216420
Fax: +992 (372) 233486
Email: r_akmal@inbox.ru
<http://www.caspianworld.com>

Chamber of Commerce and Industry
21 Valamat Zade Street
Dushanbe, Tajikistan 734012
Tel: +992 (372) 215284
Fax: +992 (372) 211480
E-mail: chamber@tjinter.com
<http://www.tpp.tj>

State Statistics Committee
Mr. Mirgand Shabozovich Shabozov, Chairman
17 Bohtar Street
Dushanbe, Tajikistan
Tel: +992 (372) 232553
Fax: +992 (372)
Email: stat@tojikiston.com
<http://www.stat.tj>

Chapter 10: Guide to Our Services

Embassy

The Political/Economic Section of Embassy Dushanbe works with the Tajik government to build cooperation in those areas of mutual interest to both countries, working to broaden and deepen an ever-expanding bilateral relationship.

The two-officer section monitors and analyzes issues such as human rights, religious freedom, trafficking in persons, antiterrorism, the environment, agriculture, and, in conjunction with local staff from the Department of Commerce, promoting American investment in Tajikistan (see the [BISNIS website](#) for more details).

BISNIS

The Business Information Service for the Newly Independent States
BISNIS, part of the U.S. Department of Commerce's Trade Promotion and U.S. Foreign Commercial Service, is the U.S. Government's primary market information center for U.S. companies exploring business opportunities in Russian and other Newly Independent States. BISNIS provides U.S. companies with the latest market reports and tips on developments, export and investment leads, and strategies for doing business in the NIS. Since opening in 1992, BISNIS has facilitated more than \$4 billion worth of U.S. exports and overseas investments.

Web-resources

<http://tajikistan.usembassy.gov>

<http://www.bisnis.doc.gov/tajikistan>